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Statutory Review of the System for Regulating Rates and Classes for Market Dominant Products	RM2017-3

Comments of the National Newspaper Association

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Table of Contents

National Newspaper Association hereby submits its comments on Order No. 5337, the Revised Notice of Proposed Rulemaking (RNPRM), (Dec. 5, 2019), in the Commission's 10-year review of the rate system in the Postal Accountability and Enhancement Act (PAEA). While NNA agrees with some of the Commission's findings it has deep concerns about the proposed solutions. It joins with others in a separate pleading to urge suspension of this proceeding while new elasticity studies are conducted and also to declare that Congress must proceed with a rebalancing of the burdens of sustaining the postal system. To the extent that the Commission decides to proceed, NNA urges to recognize that an increase in excess of 40 percent in Periodicals postage rates over the 5-year span of this RNPRM would have devastating impacts on community newspapers that serve America's rural areas, upon the communities they serve and upon the Postal Service's universal service mission. The Commission has the discretion to moderate this impact and it must do so. Although concerns about this mail class's ability to cover costs have been woven through the Commission's deliberations throughout this docket, it must first do no harm to universal service. NNA respectfully also asks the Commission to examine the true costs of In-County mail before imposing sanctions. Also, NNA submits that the work done heretofore in bringing Periodicals to full cost coverage has been so unsuccessful that the Commission must consider whether ECSI values prompt a greater tolerance of this mail class's inability to achieve cost coverage in today's postal environment.

Introduction

National Newspaper Association is a member-based trade association established in 1885 to serve community newspapers. It presently has approximately 1,800 members, primarily weekly newspapers in small town America that rely heavily upon Periodicals mail to reach their subscribers. They use both products in the Periodicals category of the Domestic Mail Classification Schedule (DMCS). For reaching the primary subscription or requester base, they provide highly-presorted, delivery-office-entered and walk-sequenced In County mail. To reach subscribers or requesters outside their county of publication, they use Outside County mail. Outside County mail is also used for requester newspapers within NNA's membership to serve copies to residents who did not make a direct request but are eligible to receive non-requester copies under DMCS rules and the publisher's business models. In this latter category of mail, the "Outside County" copies are identical to the In-County copies in that they are highly presorted and locally entered, usually Saturation addressed and walk-sequenced. But these pieces are ineligible for the In-County rate, though they may play a role in the challenges of achieving accuracy in the In-Office Costing System (IOCS), as discussed later.

NNA has participated in every major postal proceeding since the Postal Reorganization Act created the modern Postal Service, was involved in Congressional inquiries and development of second-class mail in the 19th and 20th Centuries and today maintains an active and involved constituency advocating for sustained and high quality universal service to all American communities, particularly the rural communities where most NNA members today are publishing. In the first round of comments on this proposed rulemaking, NNA agreed with some of the Commission's findings. Those points are not restated here but are found at https://www.prc.gov/docs/99/99515/NNA%20PAEA%20review%20comments.pdf.

Here NNA comments only upon the proposed solutions in the RNPRM.

I. The community newspaper industry is unable to absorb the proposed increases.

A. Because of the "underwater" or non-compensatory status of the mail product classes that newspapers use and the uniquely disaggregated mail processing charges for containers and bundles, the impact of the proposal is harsh and unwarranted.

This order revives a proceeding that the Commission began on December 20, 2016, in which it initiated investigation into the consequences of the rate-setting system provided by Congress in the enactment of PAEA. It articulated the purpose of its inquiry as an exercise of its decennial obligation to determine whether the rates permitted by PAEA, which are constrained by an annual inflation-based price cap, are sufficient to provide stability for the Postal Service. It has found that although short-term stability was achieved under the PAEA, medium- and long-term stability were not. It has determined, in short, that USPS simply needs more money. Order 5337 at 59.

In this second round of rulemaking, the Commission revisits a menu of proposed revenue enhancers originally set out in its first round. These enhancers are intended to enable USPS to garner more revenue than the Consumer Price Index For All Urban Consumers (CPI-U) price cap would otherwise permit. Having determined that some aspects of the original proposed menu were unrealistic or imprecise, the Commission has nonetheless revived a proposal that has substantially the same impact upon community newspapers as the first round, without providing any greater assurance that these newspapers will receive the service they need to perform their own missions in the communities also served by USPS.

The new proposed rates would permit the Postal Service to attempt to gain new revenue through a variety of rate changes:

1. An annual CPI-U capped percentage increase, presently averaging around 2 percent;
2. An additional 2 percent per year for 5 years of "supplemental authority" now intended to help USPS cope with a decline in the density of mail delivered to each household, and to cover a Congressional mandate to prepay its Retiree Health Benefits (RHB);
3. An additional 1 percent Performance-based award which would be permitted if the Service met a Total Factor Productivity (TFP) increase year over year as well as a sustained expectation of service performance standards, (but not actual service performance);
4. An additional 2% a year to increase the cost contributions of mail products/classes that presently do not cover attributable costs, the "non-compensatory" classes, or in postal parlance, "underwater" classes. Among

these classes are both products in Periodicals. Id. at 9. (In this second round, these increases would be optional for USPS and not mandatory.)

5. Increases or decreases in workshare discounts to squeeze out some practices that the Commission has questioned, including those that either overcompensate mailers beyond USPS's avoided costs or undercompensate them. Id. at 93. The second-round phases out a 3-year grace period for applying the changes and instead freezes certain categories to keep USPS from worsening the over- or under-compensating status.

These new revenue enhancers, without considering the workshare discount changes in element 5 above, could produce annual 7 percent increases in rates for community newspapers. Because of an intentionally low-cost recovery when USPS introduced a system of bundle and container charges unique to Periodicals, the Postal Service has set the passthrough levels relatively low to avoid rate shock. But under the RNPRM, the potential for an additional 1 percent increase just from increased surcharges is not unrealistic, making the annual total possibly as high as 8 percent.

An 8 percent annual increase over five years is a 40 percent increase. With compounding over the five years, the increase begins to approach 50 percent. This proposal, aimed at a vulnerable component of the USPS system, is stunning and unimaginably harmful. NNA strongly urges the Commission to examine the environment in which community newspapers are publishing.

B. The industry is already reeling from the combined effects of digital migration and escalated production costs resulting from tariffs on paper

NNA directs the Commission's attention to comments of News Media Alliance filed in this docket, which lays out many challenges facing the larger newspaper industry to which community newspapers belong. It describes both the losses of titles and the unfortunate acceleration of production costs created by a temporary tariff in 2018 on the primary paper used by newspapers—uncoated groundwood sheets or newsprint. Though the tariff was eventually removed, lasting damage to the marketplace remains.

There are other exogenous elements affecting newspapers. Community newspapers are now vulnerable to the same digital migration forces that other parties emphasized in the first round of this docket. See, for example, the warning from a study by InfoTrends, commissioned by EMA and its foundation, that escalating postal rates would push companies out of the mail into email, where ease of use, lower rates and lower end-to-end costs were more favorable. Letter from EMA Foundation, February 8, 2018. See also a prediction from LSC Communications, a printing company, that higher rates would "accelerate the diversion to electronic content, a much cheaper media channel." Letter from Thomas J Quinlan, LSC Communications, March 20, 2017.

For a long while, as the urban publishing world was hammered by readership shifts driven by Internet applications and social media, such as Facebook, Twitter and Instagram, community newspapers were somewhat insulated. These newspapers published in more rural areas where the population tends to skew older and access to broadband services is less robust.

But in the past decade, this insulation began to disappear for community newspapers. Demonstrable shifts to newspaper websites and mobile applications began to appear in NNA's periodic Community Newspaper Survey several years ago. In NNA's 2019 Community Newspaper Readership Survey, users of social media had crept up 5 percentage points over the previous year. Community newspaper readers have begun to look to social media, just as their urban cousins do, as a primary source for news and information.[1] Many local advertisers now rely on Facebook pages to reach customers.

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[1] A summary of NNA's Community Newspaper Readership Survey is available at http://www.nnaweb.org/article?articleTitle=annual-readership-survey-confirms-community-newspaper-readers-are-voters--1497467106--2237--1top-story
A full copy of the study is available from NNA on request.

The trend could look reassuring to the uninformed eye. After all, publishers could simply provide the digital access readers seek, keep their audiences and be none the worse for wear. But the publishing model does not work that way.

There is no digital revenue model capable of sustaining a rural newspaper operation over the long term. The revenues from print advertising support the digital as well as the print operation and the newsrooms that feed both channels. As a community newspaper expert, Kevin Slimp, wrote in NNA's newspaper, Publishers' Auxiliary, his recent survey indicated only 3 percent of newspaper executives believed digital products brought in "significant revenue."[2] This truism, known well in the industry but ill-understood outside it, puts community newspapers in a double bind: they lose revenues and audience for the sustaining print product and become even more reliant upon reliable distribution of print to keep the entire operation afloat.

It is into this environment that the Commission proposes to introduce an over-40 percent postage increase over the next half decade. The increases would pile onto the agonies that already abound.

C. Universal service is designed to reach local and particularly rural communities, which are diminished when the newspaper disappears.

It can no longer be disputed that newspapers can be forced out of existence by the many forces prevailing against them. See, again, News Media Alliance's comments on newspaper closings. But what happens to rural communities when the newspaper disappears?

A compelling study demonstrates that losing a newspaper actually costs residents money and threatens communities. An investigation from 1996 to 2015 of towns without their newspapers recently produced the finding that the financial markets exact a premium when lending to such communities. Interest rates on municipal bonds could rise as much as 11 basis points. https://www.citylab.com/equity/2018/05/study-when-local-newspaper-close-city-bond-finances-suffer/561422/[3] In addition, residents

[2] Slimp's article is available at http://www.nnaweb.org/article?articleTitle=print-is-still-where-the-profits-are--1580150449--2236--1top-story.
[3] The entire study is available from academic publishers. An abstract is available here:

lose their primary—and sometimes only—source of information on the local community. The political system loses a reporter-watchdog. Voters are deprived of the issue analysis they need to participate in the democracy.

Newspapers have been considered critical components of the mail system since at least 1792, when Congress first mandated their inclusion as mail pieces in the developing universal service. [4] And Congress has consistently cemented consideration of service to rural areas into the postal statutes, mandating that "(t)he Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities. 39 USC 101(b)

It is important to observe here that "rural" is a liquid concept, depending upon how it is applied. The share of the U.S. population considered rural ranges from 17 to 49 percent depending on the definition used," according to the US Department of Agriculture that tackled the topic in its magazine, Amber Waves. "Defining the Rural in Rural America," June 1, 2008. https://www.ers.usda.gov/amber-waves/2008/june/defining-the-rural-in-rural-america/. But however defined, part of the reason why the Commission undertook this rate system inquiry in 2016 and why Congress required it to of the Commission in PAEA is to ensure that rural areas continue to have universal service.

The Commission will produce an odd and perverse result if, in its efforts to sustain universal service to rural areas, it helps to kill the newspapers that serve and

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https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3175555

[4] "Because of their perceived importance, newspapers were admitted to the mail for the first time in 1792. The Postmaster General was given the power to authorize their carriage both in and outside of the mails. The importance attached to newspapers was further reflected in the fact that the 1792 Act permitted each printer of newspapers to send one copy of his newspaper to each and every other printer of newspapers for free. Report on Universal Postal Service and the Postal Monopoly, Postal Regulatory Commission, December 19, 2008 At 40.

sustain those same areas. But NNA's members believe and assert that this proposal would contribute to their demise. No business can easily absorb 40% increases in costs in a half decade, particularly when exogenous and unregulated pressures like social media are competing with them.

Finally, in an age when digital products are disrupting traditional journalism models but are unable to fully replicate them so vigorous journalism can thrive, the Commission should consider the value of maintaining trusted local news sources. A great example of that trust is laid out in the feature linked here, https://www.washingtonexaminer.com/news/where-our-trust-in-news-lives, from a digital newspaper, whose writer recognizes the unique value of the local community newspaper. The publication recognized in the Washington Examiner happens to be published by NNA's former president and current Mailers Technical Advisory Representative Matthew Paxton. But it could have been written about any of a host of local weeklies where the publisher lives in the community and maintains a local news staff. Taking actions that weaken the mission of these publications should suggest to the Commission a need for a light touch in escalating postage rates.

III. Before applying penalties to In County Newspapers for not compensating USPS for services, the Commission should require updated and precise costing data for the product.

A. A two percent surcharge that the RNPRM would permit would be unfairly applied to In County newspaper mail without more precise data from USPS costing systems.

Among the elements of PAEA is a "requirement" that every mail class (product) cover its own attributable costs. 39 U.S.C. 3622(c)(2). The Commission has expressed its concern about Periodicals' eroding contribution both to USPS institutional costs and to the attributable costs that the statute addresses.

The Commission notes in its order:

> The Periodicals class has not covered its attributable costs since the enactment of the PAEA. FY 2018 ACD at 41. The Periodicals class consists of only two

> products—In-County Periodicals and Outside County Periodicals—and each of those products is non-compensatory….Over the course of the PAEA era, cost coverage for the Periodicals class has generally declined—from 83.0 percent in FY 2007 to 67.5 percent in FY 2018. Id. at 40. The low cost coverage for the Periodicals class has resulted in a negative contribution of more than $6.7 billion since FY 2007. Order at 164.

Volumes have been written on the predicament of Periodicals, including legal arguments about whether the word "requirement" really creates an absolute mandate in light of its placement among other considerations in Section 3622. NNA has followed the Commission's demands for an explanation in of Periodicals' cost coverage in its various Annual Compliance Determinations, beginning almost immediately after the ink was dry on PAEA. See, eg. Postal Regulatory Commission Annual Compliance Determination of US Postal Service Performance, March 29, 2010, where cost coverage of Outside County Periodicals was found to be 75.6 percent and Inside County, 87.8 percent. NNA has noted in the past that where labor costs are rising faster than inflation, a mail class designed to be close to break-even at the onset of a price cap is likely to slide into negative cost coverage over time. That is exactly what has happened. The Commission has not been inclined to accept that truism on its face, though, continuing to push USPS and industry experts for explanations. Its search led it to initiate a joint costing study on Periodicals with USPS in 2009. Annual Compliance Determination (ACD), 2009, at 74-75.

That study was completed in 2011. Contained within its findings is intriguing evidence that the cost coverage picture for In county newspaper mail may not be as bleak as USPS data indicate, nor within the mailers' capacity to repair. It concluded that:

- Most of Periodicals' cost increases stemmed from the Postal Service's inability to achieve the efficiencies with flat-shaped mail that it had found for letters. ACD 2009 at 7.
- Historically, Periodicals' cost coverages were highest during an era of Congressional appropriations to assist with the costs, even after the Post Office Department became the US Postal Service. At one time after PRA, coverage reached nearly 145 percent. The sustainable cost-

coverage problem, therefore, is not new to the post PAEA era. (This point is relevant to the solutions NNA believes are necessary to right the ship, as discussed below.) See historic cost coverage table, ACD 2009 at 14.

- After USPS installed more automation in mail processing plants, forceful equipment such as bundle sorters was contributing to bundle breakage, which in turn was contributing to rising costs. But In-County newspapers do not contribute to that element much if at all. The bundles of newspapers are rarely sorted by machine because they are typically entered at smaller post offices and handed off directly to carriers. Id. at 17.
- Carrier route sorted publications did cover their costs, except when bundle and container costs were factored in. The report did not note, however, that containers are not required and are generally not used for In-County newspapers. Id. at 25.
- Rates for destination-entered Periodicals, a practice widely used by local newspapers, were among the categories that made the most contribution. Id.
- Most intriguing was this conclusion, "Both the Postal Service and the Commission agree that a key finding from the analysis is that large volume mailers have a lower negative contribution per piece but account for most of the overall contribution loss." Id. at 30.

In 2019, the Postal Service found that In-County's coverage fell from 67.14 percent in FY2018 to 57.66 percent in FY2019. It offered no explanation. United States Postal Service FY 2019 Annual Compliance Report, Dec 27, 2019 at 30. But the class showed approximately the same characteristics in 2019 as in 2018: about 54 percent was delivery-entered and 86 percent was carrier route sorted. Compare, the 2018 Market Dominant Billing Determinants for In-County mail, https://www.prc.gov/dockets/document/107647, with the 2019 Market Dominant Billing Determinants, https://www.prc.gov/dockets/document/111548. Nothing in the characteristics of the mail would explain the diminishing cost coverage. Material elements of In-County remained the same as they have since PAEA and in the decades before: USPS does little mail processing and provides almost no transportation except in the last mile and, because of the nature of the publications, each post offices handles the same volumes and sort schemes week after week.

It is true that the subclass lost about 11 million pieces. But if attributable costs are accurately tracked, costs should have fallen with the volume loss. The spread of burden of institutional costs might have been affected by the volume loss; but for an underwater subclass, there is no contribution at all, so the volume loss becomes almost irrelevant to costing analysis.

So, it is hard to explain the cost coverage problem for this subclass and that is perhaps why neither USPS nor the Commission has done so. One possibility is rising labor costs. Indeed, it appears there were significant labor cost increases in segments of service used by the subclass, particularly in rural carrier contracts, where falling density had penalized carriers operating under volume-based contracts in recent years. But there is an additional possibility: sampling errors and changes in sampling systems may skew results. Mistakes can be made in identifying the proper class and subclass of mail pieces. Where detecting representatives of a small subclass is a problem, USPS may be using proxies to measure cost. Sampling error in such small samples is always a threat to accuracy.

The sampling systems involved in both volume and costing systems for this subclass have often been the culprit in negative trends. The Commission should actively share NNA's suspicion that In-County attributable costs are mostly estimated, not precisely measured, and may be significantly skewed. For example, the In Office Costing System (IOCS) discussed briefly in the Periodicals study requires attributable costs to be assigned through a sampling process to the individual mail pieces defined by class, wherein postal employees are observed, the mail they are handling is catalogued and costs of each operation are then attributed. But it has not been unusual in postal regulatory history for this Commission and its predecessor Postal Rate Commission to notice that the exercise of identifying for cost attribution the mail class or subclass for a flat mail piece on lightweight paper may exceed a postal employee's abilities. He or she must be able to distinguish between an In-county newspaper, and Outside County Newspaper [5], a Marketing Mail shopper on newsprint, a nonprofit piece or an agricultural publication, all of which are their own categories of mail and all of which look pretty much alike. The possibility for misattribution has lingered within IOCS's crevices for decades. IOCS attribution has been improved by adding observations on the types of containers in which mail appears and the types of mail sorting equipment on which it is processed. Periodicals study at 62. But for the most part, In County newspapers are not entered in containers and they are not processed on automated equipment at all.

All of this uncertainty in the costing process was tolerable in a price-cap environment, even though the appearances of declining contribution have affected newspaper mailers in tangible and intangible ways. For example, Periodicals have generally not been eligible for various USPS marketing promotions, because USPS financial authorities do not wish to discount non-compensatory products.

In the totality of these factors, if they are the drivers of the cost coverage problem, they are outside the mailer's control.

B. If the Commission's discretion in changing the rate system is robust, it should use that discretion to balance cross-subsidy rules with other priorities for universal service.

When Congress reconstituted the Postal Rate Commission as the incumbent body, Postal Regulatory Commission, it gave the regulator a set of statutory objectives and 14 important factors that it must take into account as it evaluates postage rates . 39 U.S.C. § 3622(b)–(c). One of those is a "requirement" that each mail class bear its own costs, 39 U.S.C. §3622(c)(2); another is, "the effect of rate increases upon the general

[5] It is important to remember an Outside County newspaper may be commingled with an In County newspaper where it is a non-requester copy of a locally-entered Requester newspaper.

public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters**."** 39 U.S.C. §3622(c)(3); A third is **"**the educational, cultural, scientific, and informational value to the recipient of mail matter," usually abbreviated as the ECSI values. 39 U.S.C. §3622(c)(11). These factors are held in tension with one another without direction from Congress on the degree of weight that the Commission must afford each of them. Parties have argued in various contexts that one or another of the elements should be superior to the others. The Commission has applied the "requirement" in c-2 to Periodicals since passage of PAEA from time to time and thus pushed USPS to do more to bring the Periodicals mail into full cost coverage. None of those efforts have significantly improved the situation. The conclusion must now be: there may be no action available to the Commission or USPS other than driving Periodicals out of the mail with dramatically higher rates. That appears to be the Commission's tentative conclusion in the RNPRM. If so, it is one that leads to an impoverished mailstream and a diminished American public.

There is another solution. If the Commission has the discretion to remove the price cap and rearrange the rate system set out in PAEA, it also has the discretion to give ECSI values sufficiently high weight to protect this mail, even if it allows some degree of non-compensatory mailing for the Periodicals class. NNA submits that although mailers, USPS and the Commission should exercise best efforts to bring Periodicals into full cost coverage, if this mail is simply and perpetually unable to reach that level, the Commission can and should exercise its authority to avoid squashing an important and vulnerable mail class out of undue deference to c-2.

In another context, the Commission has deeply explored its powers under the Chevron deference test. Responding to challenges by mailers in the first round of this docket, the Commission finds that it has the authority under Chevron to carry out its mission in this docket. It says, for example,

> …the Commission concludes that the plain language of paragraph (d)(3) permits the Commission to review and, if necessary to achieve the PAEA's statutory

> objectives, modify and/or replace all aspects of the ratemaking system, including the CPI-U price cap. Order 5337 at 44.

Fair enough. If the Commission has the authority to modify and/ or replace all aspects of the ratemaking system, it cannot avoid the conclusion that it has the authority to nurture the ECSI values in the statute even if in so doing it creates some reasonable burden on the other mail classes.

If the authority exists, how should the Commission evaluate its options? One way is to examine how much of a burden upon the system a non-compensatory class creates. It would find that for In-County, the burden is light.

The subclass is very small, against the volumes carried by USPS. In 2019, In-County mail amounted to just under 500 million pieces. The revenue produced by this subclass was $56 million. UNITED STATES POSTAL SERVICE FY 2019 ANNUAL COMPLIANCE REPORT, Docket No. ACR2019, December 27, 2019, at 30. Even if rates doubled that revenue without a volume loss, the increase would be barely a blip in the Postal Service's $43 billion income and still barely make a contribution to institutional costs. But the likelihood that such increases could be accomplished without volume loss is low and the more likely outcome from the increases proposed here is that USPS would lose more mail pieces, fail to improve cost coverage and still inflict undue harm upon these small mailing customers.

Potential losses of USPS revenue from this subclass are constrained by the eligibility terms for using this preferred class. The eligibility for In County mail is restricted to mailers whose distribution is primarily within the county of publication and then only if their circulation is fewer than 10,000 recipients. 39 U.S.C. 3626 (g)(4). By its terms, the subclass eliminates larger publications with expansive mailing lists. As a practical matter, that means mostly small town and rural publications use the subclass. That restriction also holds down potential volumes, as rural counties show light density. According to the US Census, the average density per mile by county is about 79 persons, but an examination of the wide geography of the US shows that many

counties have fewer only 6 persons per mile.
https://www.census.gov/prod/2002pubs/c2kprof00-us.pdf.

There will be policy arguments against making exceptions to cross-subsidy rules, but given the Commission's lack of success in boosting greater efficiency to achieve cost coverage, there are increasingly solid arguments in favor of this exception. NNA submits that, in light of the value of newspaper mail to USPS and the nation, the Commission would be wise to continue its oversight and to apply sanctions with the very light hand that it uses for many USPS service deficiencies: report and monitor, but do not penalize. At the least, if any pricing penalties are to be applied, the Commission owes it to the small newspapers of America to require more precise costing data than the IOCS and other sampling systems are presently providing for this small mail subclass.

C. The elephant in the room is the prepayment of Retiree Health Benefits. In this proposal, the Commission allows the elephant to sit on the mailers instead of calling upon Congress to remove the elephant.

The most alarming element of the proposal is the tacit acceptance of the notion that it is up to the mailers, and only the mailers, to deal with the enormous problem Congress created in PAEA when mandating prepayment of the Postal Service's retiree health benefits. In the proposal, the Commission examines the impact of that mandate in multiple places and assigns it a large portion of the blame for the plight of the Postal Service today.

The RHB debt is a major concern of the Postal Service, its governing board and Congress. But how much it has driven erosion of the mailing system, as opposed to its balance sheet, is debatable. With this proposal, the PRC would ensure that it does have an effect, and the effect would be profoundly negative. Many have rightfully argued that requiring USPS to amass billions of dollars from mailers' coffers to sit in

Department of Treasury accounts until claimed by beneficiaries is cruel and unusual. Some forget that USPS has no money of its own; it has only the mailers' money. Undoubtedly, if Congress were to consider this requirement in 2020 instead of during the height of USPS's strength in 2006, a different outcome would ensue. Many in Congress recognize that fact and have cosponsored legislation, HR 2382, joined now by more than 300 House members, to give that decision a do-over.

The action of Congress is the correct place to solve this problem. That is why NNA joins in comments with Greeting Card Association and others on a vision statement that lays out the elements needed in righting the balance for the nation's universal service system and in urging the Commission to suspend this proceeding until Congress carries out its responsibilities. Of course, the Commission cannot force Congress to act. But the Commission's powerful voice declaring that only Congress can solve this problem is urgently needed now. Conversely, the Commission can rescue Congress from performing the work it must do by holding out the illusion that dramatically higher postage rates can be the solution. But that solution works only over the short term, leaving the workforce, mailers and mail recipients in the future with an even more broken system. Undoubtedly, the Commission will hear in this proceeding that the draconian revenue enhancing solution proposed here would be the beginning of the end of a rate-payer-supported USPS. If the mailers are right, by defaulting to the Commission's use of the rate authority, Congress will ensure the very outcome it purportedly desires to avoid: a taxpayer "bailout" to pay benefit commitments to USPS retirees.

The Commission cannot let the Congress off this hook. The correct long-term solution is one that spreads the obligation for supporting USPS over all stakeholders: ratepayers, taxpayers, labor and management. A balanced solution is the only one that achieves the short-term, medium-term and long-term viability that the Commission seeks in this proceeding.

NNA has supported numerous legislative proposals that would begin to tackle the longer-term solution, including several that would have recovered to USPS a portion of the exigency rate increase from 2013. NNA has been, as described earlier, a part of every major piece of postal legislation for nearly a century and a half, and it pledges to continue its efforts.

Among the conclusions NNA has reached is that a continuation of universal service in an environment of declining mail density will require public support. USPS had such a guarantee in the Postal Reorganization Act, 39 USC 4201. It voluntarily relinquished claim to those federal dollars. But the era is upon us when such a measure of public support will be essential.

In this proceeding, there is no actionable item to prompt such consideration, but NNA believes that by suspending this proceeding and issuing a call to action by Congress, serious and meaningful deliberation over solutions will have to finally lead to legislative action.

Conclusion

NNA's comments in the first round of this deliberation recognized that many of the Commission's findings about the plight of the Postal Service and the need for universal service support were accurate. In these comments, NNA focuses upon the proposed solutions, which are draconian. PAEA had many flaws, but it was not a suicide pact. NNA's community newspapers cannot shoulder the burden that this Commission proposes. To the extent that they may have to bear more, they require better costing measurement on In County mail. But the bottom line is this: Congress must act, and until it does, any revenue enhancements that this Commission attempts to create will simply dig the USPS hole deeper.

Respectfully submitted,

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